



0000080217

BEFORE THE ARIZONA CORPORATION COMMISSION**COMMISSIONERS**

MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

Arizona Corporation Commission

DOCKETED

JAN 23 2008

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY AND PALO
VERDE UTILITIES COMPANY TO AMEND
DECISION NO. 68498 PURSUANT TO A.R.S.
SECTION 40-252.

DOCKET NO. W-03576A-07-0305

DOCKET NO. SW-03575A-07-0305

DECISION NO. 70133

OPINION AND ORDER
REINSTATING ORDER
PRELIMINARY AND AMENDING
DECISION NO. 68498.

DATE OF HEARING:

September 25, 2007

PLACE OF HEARING:

Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE:

Yvette B. Kinsey

APPEARANCES:

Mr. Michael W. Patten and Mr. Timothy J. Sabo,
Roshka, DeWulf & Patten, PLC, on behalf of the
Applicant; and

Ms. Robin Mitchell, Staff Attorney, Legal Division, on
behalf of the Utilities Division of the Arizona
Corporation Commission.

BY THE COMMISSION:

On February 23, 2006, the Arizona Corporation Commission ("Commission") issued Decision No. 68498 (February 23, 2006), which granted Santa Cruz Water Company, LLC ("Santa Cruz") and Palo Verde Utilities Company, LLC ("Palo Verde") (collectively, "Global Utilities") an Order Preliminary. Pursuant to the Order Preliminary, Santa Cruz was to file a copy of the Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC") for the proposed water line interconnection by December 31, 2006, and Palo Verde was to file a copy of the ADEQ AOC for the sewer line interconnection by December 31, 2006. Further, the Order Preliminary was to be deemed null and void if the Global Utilities failed to comply in a timely

1 manner.

2 On March 20, 2007, the Commission's Utilities Division Staff ("Staff") filed a memorandum
3 requesting that the above-referenced dockets be administratively closed due to Santa Cruz and Palo
4 Verde's failure to timely comply with Decision No. 68498.

5 On May 7, 2007, Staff issued a memorandum to administratively close the above-captioned
6 dockets.

7 On May 8, 2007, the Commission's Docket Control issued Administrative Closure No.
8 69493, closing the dockets.

9 On May 21, 2007, Global Utilities filed an Application to Amend Decision No. 68498.

10 On June 12, 2007, Global Utilities filed notice of the ADEQ Compliance Status Report
11 demonstrating that Santa Cruz was delivering water that meets ADEQ requirements.

12 On June 15, 2007, the Commissioners decided to reopen the matter pursuant to A.R.S. § 40-
13 252, to allow a hearing on Global Utilities' Motion to Amend Decision No. 68498.

14 On June 25, 2007, by Procedural Order, a procedural conference was scheduled for July 11,
15 2007.

16 On July 11, 2007, a procedural conference was held as scheduled, and the parties were
17 directed to file a proposed joint procedural schedule to govern the proceedings in this matter.

18 On July 18, 2007, counsel for the parties submitted a stipulated procedural schedule for this
19 matter.

20 On July 19, 2007, a Procedural Order was issued setting the hearing in this matter for
21 September 25, 2007.

22 On August 23, 2007, Staff filed a Motion to Extend Time to file its Staff Report to August 28,
23 2007. Staff's Motion stated that counsel for the applicant did not object to Staff's request for an
24 extension of time.

25 On August 27, 2007, by Procedural Order, Staff's Motion to Extend Time to file its Staff Report
26 was granted.

27 On August 28, 2007, Staff filed its Staff Report recommending denial of Global Utilities'
28 request to Amend Decision No. 68498, and also offering an alternative for approval with conditions.

On September 17, 2007, the Global Utilities filed Comments in Response to the Staff Report.

On September 25, 2007, a full public hearing was held before a duly authorized Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. The Global Utilities and Staff appeared through counsel and presented evidence and testimony. No members of the public appeared to give public comment. The matter was taken under advisement at the conclusion of the hearing and pending the submission of a Recommended Opinion and Order to the Commission.

On October 19, 2007, the Global Utilities filed Amended Franchise Agreements.

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. Pursuant to authority granted by the Commission, Palo Verde and Santa Cruz are Arizona Public Service Corporations engaged in the business of providing wastewater and water services in portions of Pinal County.

2. Palo Verde and Santa Cruz are Arizona Limited Liability Companies ("LLCs") in good standing with the Commission's Corporation Division.

3. Palo Verde and Santa Cruz originally received Commission authority to provide water and wastewater services in Decision Nos. 61943 (September 17, 1999) and 67240 (September 15, 2004) respectively. ¹ The Global Utilities provide wastewater utility service to over 14,000 customers and water utility service to over 14,000 customers in portions of Pinal County.

Background

4. In June 2005, the Global Utilities jointly filed an application seeking Commission authority to extend their respective CC&Ns to include seven and one half square miles adjacent to their existing Certificated area. The requested extension area included approximately 5,000 acres and over 16,000 lots. The extension area was previously known as the 387 Domestic Water Improvement

¹ Santa Cruz and Palo Verde are wholly-owned subsidiaries of Global Water Resources, LLC ("GWR"). GWR owns three certificated utility companies in the State of Arizona, including Palo Verde, Santa Cruz, and Cave Creek Water Company. Altogether, GWR's subsidiaries provide utility service to approximately 36,000 customers in Arizona.

1 District and the 387 Wastewater Improvement District (collectively the “Districts” or “387
2 Districts”).² According to the Staff Report, the extension area was to be developed into several master
3 planned communities.³

4 5. According to the joint application filed by the Global Utilities, the Districts were
5 formed in 2003 by Pinal County and were operated by Sonoran Utility Services (“Sonoran”) to
6 provide water and wastewater services in the extension area. According to the Global Utilities,
7 Global Water Resources, LLC, (“GWR”) was asked by the City of Maricopa, ADEQ and the Arizona
8 Department of Water Resources (“ADWR”) to provide water and wastewater services in the
9 extension area when Sonoran was unable to fulfill its duties under the management contracts held
10 with the 387 Districts.⁴

11 6. Commission Decision No. 68498 stated:
12 Sonoran could not deliver an adequate level of service to the customers of
13 the 387 Districts. For example, the wastewater treatment plant for the 387
14 District was not completed in time to serve the customers who moved into
15 the area. Moreover, the water from the 387 Districts’ wells did not meet
16 state and federal standards. Sonoran’s inability to provide adequate service
17 created an emergency.⁵

18 7. As a result of the emergency situation, the Global Utilities began immediately
19 providing customers in the 387 District with bottled water and on April 14, 2005 the Global Utilities
20 interconnected their wastewater and water systems with the 387 Districts in order to continue service
21 to the customers in the extension area. Additionally, GWR and the 387 Districts entered into an
22 agreement to assign the management contracts from Sonoran to GWR.⁶

23 8. Subsequent to the Global Utilities taking over the day-to-day operations of the 387
24 Districts, Sonoran filed a notice of claim naming Pinal County, the 387 Districts, the City of
25 Maricopa and various public officials as defendants and alleging that Sonoran was “forced” to “give
26 up its valuable contract rights and business expectances” and that Sonoran was unable to recover all
27 the value it owned and controlled as a result of the Management Agreements set up with GWR.”
28

² Commission Decision No. 68498 (February 23, 2006), Finding of Fact (“FOF”) 4, Docket No. SW-03575A-05-0470.

³ Staff Report, executive summary, Docket No. SW-03575A-05-0470.

⁴ Decision No. 68498, FOF 37.

⁵ Id.

⁶ Id.

1 Sonoran is seeking \$83 million in damages.⁷

2 9. Although the 387 Districts and Pinal County supported the Global Utilities application
3 for extension of their CC&Ns, they requested that the Commission condition final approval of the
4 CC&Ns on the prior dissolution of the 387 Districts and the prior termination of the management
5 contracts with GWR.⁸

6 10. Commission Decision No. 68498 granted the Global Utilities an Order Preliminary to
7 the issuance of the CC&Ns to provide wastewater and water utility service for the 387 Districts, and
8 required, among other things, that prior to the issuance of the final CC&Ns, the 387 Districts must be
9 dissolved.

10 11. In early 2007, GWR was named as a defendant in the civil case filed by Sonoran in
11 Maricopa County Superior Court.⁹

12 12. The trial in the civil case filed by Sonoran was set to begin on January 5, 2009¹⁰, but
13 was vacated by the Court on September 26, 2007, and no new hearing has been set yet.¹¹

14 13. Commission Decision No. 68498 also required Santa Cruz to file a copy of the ADEQ
15 AOC for the proposed water line interconnection by December 31, 2006, and required Palo Verde to
16 file a copy of the ADEQ AOC for the sewer line interconnection by December 31, 2006.

17 14. On March 20, 2007, due to the Global Utilities' non-compliance with the above
18 timeframes, Staff filed a memorandum requesting closure of the dockets.

19 15. On May 7, 2007, the Commission's Docket Control issued Administrative Closure
20 No. 69493.

21 16. On May 21, 2007, the Global Utilities filed an Application to Amend Decision No.
22 68498, requesting that the AOC compliance items be eliminated, which would serve to reinstate the
23 Order Preliminary.

24 17. On June 15, 2007, the Commissioners decided to reopen the matter pursuant to A.R.S.
25 § 40-252 to allow a hearing on the Global Utilities' Application to Amend Decision No. 68498, and

26 ⁷ Decision No. 68498, FOF 38.

27 ⁸ Decision No. 68498, FOF 40.

⁹ Maricopa County Superior Court, CV2005-002548 and CV2006-018576.

¹⁰ Maricopa County Superior Court, CV2005-002548 and CV2006-018576, Minute Entry dated May 18, 2007.

28 ¹¹ Maricopa County Superior Court, CV2005-002548 and CV2006-018576, Minute Entry dated September 26, 2007.

1 instructed the Hearing Division to conduct further proceedings.

2 18. On August 28, 2007, Staff filed its Staff Report in this docket and recommended
3 denial of the Global Utilities' request to amend Decision No. 68498 to eliminate the AOC
4 compliance issues. However, as an alternative, Staff recommended approval with conditions.

5 19. In its Staff Report, Staff opined that the Global Utilities are out of compliance with
6 Commission rules and regulations and a prior Commission Decision due to their failure to comply
7 with Commission Decision No. 68448 (February 2, 2006). Staff stated it did not believe it is in the
8 public interest to grant the relief requested until the Global Utilities are in compliance with that
9 Decision. However, Staff stated it would reconsider its recommendation if, by the date of the hearing
10 in this matter, the Global Utilities filed documentation demonstrating that they have complied with
11 Decision No. 68448.¹²

12 20. Staff further recommended that, in the alternative, should the Commission decide to
13 Amend Decision No. 68498, to eliminate the ADEQ AOC requirements, and to reinstate the Order
14 Preliminary, Staff recommends that the final CC&N not be granted until the Global Utilities are in
15 full compliance with Decision No. 68448 or granted an extension of time.

16 Water System

17 21. Santa Cruz's water system is comprised of four drinking water wells, with combined
18 production rate of 7,400 gallons per minute ("GPM"); four storage tanks, with a combined capacity
19 of 4 million gallons; four pressure tanks, with a combined capacity of 20,000 gallons; and one
20 irrigation well.

21 22. According to Staff's Report, Santa Cruz currently experiences an average monthly
22 growth rate of over 225 new connections.

23 23. Staff believes Santa Cruz's water system does not have adequate production to serve
24 its existing 14,200 customers. However, Staff stated Santa Cruz is in the process of completing the
25 following plant additions:

26 ¹² Decision No. 68448 (February 2, 2006) required the Global Utilities to file a copy of the fully executed main extension
27 agreements ("MXAs") for Phase I for water facilities in the extension area within 365 days of the Decision. On October
28 16, 2007, the Global Utilities were granted an extension of time, until December 31, 2008, to file Phase 1 MXAs and an
extension of time until December 31, 2007, to file an amended Designation of Assured Water Supply ("DAWS") and an
amended Pinal County Franchise Agreement for the extension area.

1 a. a 3,500,000 gallon Rancho Mirage storage tank system which was expected to be in
2 service by August 2007; and

3 b. a 2,800 GPM Rancho Mirage well which Santa Cruz anticipated would be in service
4 by October 2007.

5 24. Global's witness testified that the Rancho Mirage water distribution booster station
6 includes a storage tank that will have a 2.5 million gallon capacity. Additionally, he stated that both
7 the production well and the tank had been constructed and that the company was awaiting an AOC
8 from ADEQ. (Tr. Pg. 42, lines 1-7)

9 25. Global's witness testified that although Santa Cruz will be adding additional capacity,
10 ADEQ capacity requirements only apply to potable water systems and that under the ADEQ standard,
11 Santa Cruz's water system has adequate capacity. He testified that Santa Cruz's potable water use
12 data sheet shows that the average daily demand is 386 gallons per unit per day, or about 4.3 million
13 gallons per month. According to the witness, the ADEQ average day peak month requirement is 5.4
14 million gallons and the total capacity of all of Santa Cruz's wells is 10.6 million gallons. (Tr. Pg. 43,
15 lines 1-15 and Tr. Pg. 44, lines 1-2)

16 26. Global also testified that Santa Cruz's firm capacity, which is defined as production
17 capacity with the largest producing well out of service, is 7.3 million gallons per day. (Tr. Pg. 44,
18 lines 8-10)

19 27. The firm capacity combined with Santa Cruz's current 4.3 million gallons of storage
20 results in a total firm daily capacity of approximately 11 million gallons, which exceeds ADEQ's
21 requirement for average day peak month of 5.4 million gallons. (Tr. Pg. 44 , lines 11-20)

22 28. Staff's engineering witness testified that based on a review of Santa Cruz's water data
23 usage sheet for 2006-2007, which was submitted in response to the Staff Report, Staff believes that
24 Santa Cruz does have adequate production and storage capacity. (Tr. Pg. 50, lines 11-22)

25 29. Staff believes that after the Rancho Mirage storage tank and well are in service, Santa
26 Cruz will have adequate production and storage capacity to serve customers in the extension area.
27 Staff concluded that Santa Cruz will develop additional capacity as needed to meet future growth in
28 the expanded service area.

1 30. Santa Cruz has an interconnection with the 387 District to provide water to the
2 customers in the 387 District.

3 31. The 387 District owns two wells that have been converted to irrigation wells due to
4 high levels of nitrates found in the water. (Tr. Pg. 11, lines 7-14)

5 32. According to the Staff Report, the 500,000 gallon storage tank and booster station
6 previously owned by the 387 District remains a part of the Santa Cruz water system and serves the
7 District's 1,000 customers.

8 33. On July 24, 2007, ADEQ issued a letter to Santa Cruz stating "an Approval to
9 Construct ("ATC") is not required for the construction work of water interconnections between the
10 387 Water Improvement District and Global-Santa Cruz because the total project cost was less than
11 \$50,000."

12 34. Staff recommends that the Commission eliminate the AOC requirement that was
13 ordered in Decision No. 68498 for the water line interconnection, since ADEQ does not require an
14 ATC nor an AOC for projects with total construction costs of less than \$50,000.

15 35. Staff's recommendation is reasonable and should be adopted.

16 36. Based on compliance status reports from ADEQ, both Santa Cruz and the 387 Water
17 District are delivering water that meets the water quality standards required by the Arizona
18 Administrative Code. According to Staff, ADEQ has also stated that the 387 Water District is
19 currently classified as an inactive water system because it is physically interconnected to Santa Cruz
20 and the 387 Districts wells have been permanently disconnected from the distribution system.

21 37. Santa Cruz is located within the Pinal Active Management Area ("AMA"). The
22 Arizona Department of Water Resources ("ADWR") has determined that Santa Cruz is in compliance
23 with the Pinal AMA requirements.

24 38. In Decision and Order No. 26-401667.0000 (dated May 4, 2006), ADWR approved
25 Santa Cruz's request to modify its Designation of Assured Water Supply ("DAWS") to include the
26 387 Improvement District in its existing DAWS.

27 39. Santa Cruz is currently in compliance with the Commission after having been granted
28 an extension of time to comply with Decision No. 68448 on October 16, 2007.

1 40. The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic
2 maximum containment level ("MCL") in drinking water to 10 parts per billion ("ppb"), effective
3 December 31, 2007. According to Staff's Report, Santa Cruz's wells have an arsenic level of 10.1
4 and 17.71 ppb.

5 41. Santa Cruz has indicated it will use blending to reduce the arsenic MCL for its two
6 wells.

7 42. On July 20, 2005, ADEQ approved Santa Cruz's blending plan.

8 43. Decision No. 66394 (October 6, 2003) approved Santa Cruz's Curtailment Plan Tariff,
9 which was later amended in Decision No. 67830 (May 5, 2005).

10 **Wastewater System**

11 44. According to Staff's Report, Palo Verde owns and operates an enclosed three million
12 gallons per day ("MGD") sequential batch reactor treatment plant, sand filters, ultra violet
13 disinfection units and an effluent reuse and surface water disposal system to serve its existing CC&N
14 area.

15 45. Staff's Report explained that the 387 District had installed a 0.99 MGD treatment
16 plant, but the system has never been activated, and ADEQ cancelled the Aquifer Protection Permit
17 ("APP") for the system in 2006.

18 46. Global's witness testified that all wastewater from the 387 District is being pumped to
19 the Palo Verde treatment plant for treatment and disposal. Additionally, he stated that currently a 3
20 MGD capacity treatment plant has been built and plans are to have a permanent capacity of 9 MGD.
21 (Tr. Pg. 36, lines 1-7)

22 47. On May 8, 2007, Palo Verde received the ADEQ AOC for the sewer line
23 interconnection between the 387 District and Palo Verde.

24 48. Staff recommends that Decision No. 68498 be amended to eliminate the AOC
25 compliance due date or deadline for the sewer line interconnection.

26 49. Staff's recommendation is reasonable and should be adopted.

27 50. Pursuant to Section 208 of the Federal Water Pollution Act, the Central Arizona
28 Association of Governments ("CAAG") is the designated water quality planning agency for the

1 extension area. The CAAG has authority to develop and approve general wastewater plans which
2 include land development policies, service areas, objectives, principles, and standards for local
3 growth and development. According to the Staff Report, on August 1, 2006, the CAAG issued a 208
4 amendment approving Palo Verde's 208 Water Quality Plan, which covers 300 square miles and
5 includes the 30 square miles of Palo Verde's existing CC&N service area and the 7.5 square miles of
6 the 387 District service area.

7 51. According to the Staff Report, on January 19, 2007, ADEQ issued a letter to the U.S.
8 EPA stating that the Palo Verde's Water Quality Plan is consistent with both the State of Arizona's
9 and the CAAG's Water Quality Management Plans.

10 52. ADEQ issued a Notice of Violation ("NOV") for Palo Verde on April 6, 2007 relating
11 to documenting compliance.

12 53. On August 10, 2007, ADEQ issued a notice that Palo Verde had met the Documenting
13 Compliance provisions of the NOV and that the NOV was closed.

14 54. Palo Verde is in compliance with ADEQ APP monitoring and reporting requirements.

15 55. Decision No. 68448 required Palo Verde to file a copy of the Pinal County Franchise
16 Agreement. At the time Staff filed its Staff Report, the Utilities Division Compliance Section
17 showed that Palo Verde was delinquent in meeting the franchise compliance requirement for
18 Decision No. 68448.

19 56. On October 16, 2007, by Procedural Order the time frame for Palo Verde and Santa
20 Cruz to file their Amended Pinal County Franchise Agreement was extended to December 31, 2007.
21 On October 19, 2007, Palo Verde and Santa Cruz filed their amended Franchise Agreement in
22 compliance with Decision No. 68448.

23 57. Palo Verde and Santa Cruz filed a copy of the Operating/License Agreement with the
24 City of Maricopa; Staff believes the Operating/License Agreement is an acceptable substitute for a
25 franchise agreement for the 387 District extension area.

26 58. Palo Verde and Santa Cruz will charge its authorized rates and charges in the 387
27 Districts.

28 ...

1 **Discussion and Resolution**

2 59. At the request of the City of Maricopa, ADEQ and ADWR, the Global Utilities
3 stepped in and began providing water and wastewater utility service to the customers in the 387
4 Districts. Without the Global Utilities' assistance, the emergency situation that existed could have
5 become worse.

6 60. At hearing, Global's witness testified that all of the agencies worked with the Global
7 Utilities to allow for this relatively novel cross connection to be made on an emergency basis. (Tr.
8 Pg. 13 lines 1-5)

9 61. Global further testified that, since taking over operations of the 387 District, the
10 Global Utilities have installed pressurized water mains for water distribution, and installed backbone
11 infrastructure to supply the residents of the 387 Districts with water. (Tr. Pg. 34, lines 15-20)

12 62. There is a continuing public need for water and wastewater service to the 387
13 Districts. Today, more than 5,000 water and 5,000 wastewater customers reside in the 387 District
14 extension area. Additionally, Santa Cruz is currently experiencing an average monthly growth rate of
15 over 225 new connections per month.

16 63. Staff has concluded that the Global Utilities are fit and proper entities to continue to
17 provide water and wastewater services in the extension area.

18 64. As stated in Decision No. 68498, granting the Global Utilities an Order Preliminary
19 brings the extension areas under Commission jurisdiction, which will allow continued oversight by
20 the Commission that all requirements are met prior to the issuance of a final Order.

21 65. Based upon the above facts we find it appropriate to grant the Global Utilities' request
22 to Amend Decision No. 68498, in order to eliminate the requirement that Santa Cruz be required to
23 file a copy of its ADEQ AOC for water line interconnection. We also find that Palo Verde has
24 satisfied the requirement to file the ADEQ AOC for wastewater interconnection, and because there is
25 a continuing need for service in the extension area, it is in the public interest to reinstate the Order
26 Preliminary granted in Decision No. 68498.

27 66. In Decision No. 69920 (September 27, 2007), the Commission approved the transfer
28 of the CC&Ns of Santa Cruz and Palo Verde to Global Water – Santa Cruz Water Company ("GW-

1 Santa Cruz”) and Global Water – Palo Verde Utilities Company (“GW-Palo Verde”) (collectively
2 “New Global Utilities”). The New Global Utilities are Arizona corporations.

3
4 **CONCLUSIONS OF LAW**

5 1. GW-Santa Cruz and GW-Palo Verde are public service corporations within the
6 meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281, 40-282 and 40-285.

7 2. The Commission has jurisdiction over GW-Santa Cruz and GW-Palo Verde and the
8 subject matter of the application.

9 3. Notice of the application was provided in accordance with the law.

10 4. GW-Palo Verde and GW-Santa Cruz have established there is a continuing need and
11 necessity for public wastewater and water service in the extension areas, but that the issuance of an
12 Order Preliminary prior to final approval of the CC&Ns is warranted.

13 5. GW-Santa Cruz and GW-Palo Verde are fit and proper entities to receive an Order
14 Preliminary for the extension areas.

15 6. The public convenience and necessity require the issuance of an Order Preliminary to
16 the New Global Utilities authorizing them to provide wastewater utility and water utility service to
17 the public in the area sought to be certificated herein.

18 7. The New Global Utilities’ request to Amend Decision No. 68498 should be granted
19 subject to the conditions set forth in Staff’s recommendations described above.

20 **ORDER**

21 IT IS THEREFORE ORDERED that, pursuant to A.R.S. § 40-282(D), the Order Preliminary
22 granted in Commission Decision No. 68498 (February 23, 2006) to Santa Cruz Water Company,
23 LLC, and Palo Verde Utilities Company, LLC, is hereby reinstated and, upon completion of the
24 requirements contained in Commission Decision No. 68498, Global Water - Santa Cruz Water
25 Company, and Global Water - Palo Verde Utilities Company shall each file a motion in this docket
26 for the issuance of a Certificate of Convenience and Necessity authorizing it to construct, maintain
27 and operate facilities to provide water utility service and wastewater utility service to the public in the
28 area more fully described in Exhibit A.

IT IS FURTHER ORDERED that Commission Decision No. 68498 is hereby amended deleting the requirement that Santa Cruz Water Company, LLC, file with Docket Control as a compliance item, in Docket No. SW-03575A-05-0407, a copy of the ADEQ AOC for the proposed water line interconnection by December 31, 2006.

IT IS FURTHER ORDERED that Commission Decision No. 68498 is hereby amended deleting the requirement that Palo Verde Utilities Company, LLC, file with Docket Control, as a compliance item, in Docket No. SW-03575A-05-0407, a copy of the ADEQ AOC for the sewer line interconnection by December 31, 2006.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.


CHAIRMAN


COMMISSIONER


COMMISSIONER


COMMISSIONER


COMMISSIONER

IN WITNESS WHEREOF, I, DEAN S. MILLER, Interim Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 23rd day of Jan., 2008.


DEAN S. MILLER
INTERIM EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

YBK:db

1 SERVICE LIST FOR:

SANTA CRUZ WATER COMPANY AND PALO
VERDE UTILITIES COMPANY

2
3 DOCKET NOS.:

W-03576A-07-0305 and SW-03575A-07-0305

4
5 Michael W. Patten
6 Timothy J. Sabo
7 ROSHKA, DEWULF & PATTEN, PLC
8 One Arizona Center
9 400 E. Van Buren, Suite 800
10 Phoenix, AZ 85004

11 Cindy Liles
12 Vice President and Chief Financial Officer
13 GLOBAL WATER MANAGEMENT
14 21410 North 19th Avenue, Suite 201
15 Phoenix, AZ 85027-2759

16 Karen L. Peters
17 SQUIRE, SANDERS & DEMPSEY, LLP
18 Two Renaissance Square
19 40 North Central Avenue, Suite 2700
20 Phoenix, AZ 85004-4498

21 Christopher Kempley, Chief Counsel
22 Legal Division
23 ARIZONA CORPORATION COMMISSION
24 1200 West Washington Street
25 Phoenix, AZ 85007

26 Ernest G. Johnson, Director
27 Utilities Division
28 ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, AZ 85007

EXHIBIT A

**LEGAL DESCRIPTION FOR 387 DISTRICT
TO BE INCLUDED IN THE CC&N FOR SANTA CRUZ WATER COMPANY, L.L.C. &
PALO VERDE UTILITIES COMPANY, L.L.C.**

THE DESCRIPTION OF THE FOLLOWING LANDS ARE TO BE INCLUDED:

TOWNSHIP 4 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

THAT PORTION OF SECTION 21 DESCRIBED AS FOLLOWS: THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER LYING SOUTHERLY OF THE SOUTHERLY RIGHT-OF-WAY OF THE UNION PACIFIC RAILROAD, EXCEPT THE FOLLOWING DESCRIBED PARCEL: COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 21; THENCE NORTH 89°50' WEST ALONG THE SOUTH LINE OF SAID SECTION 21 A DISTANCE OF 1930.00 FEET; THENCE NORTH 00°10' EAST A DISTANCE OF 180.87 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 00° 10' EAST A DISTANCE OF 316.00 FEET; THENCE NORTH 89°50' WEST A DISTANCE OF 316.00 FEET; THENCE SOUTH 00°10' WEST A DISTANCE OF 316.00 FEET; THENCE SOUTH 89°50' EAST A DISTANCE OF 316.00 FEET TO THE TRUE POINT OF BEGINNING.

THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25.
THE SOUTHEAST QUARTER OF SECTION 25.

THE WEST HALF OF THE WEST HALF OF SECTION 26.

THAT PORTION OF SECTION 27 LYING NORTHERLY OF THE NORTHERLY RIGHT-OF-WAY OF THE UNION PACIFIC RAILROAD AND EASTERLY OF THE WEST HALF OF THE WEST HALF OF SAID SECTION 27.

THAT PORTION OF SECTION 27 DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 27; THENCE NORTH 89°48'40" WEST ALONG THE SOUTH LINE OF SAID SECTION 27 A DISTANCE OF 555.92 FEET; THENCE NORTH 24°41' 11" WEST A DISTANCE OF 155.02 FEET; THENCE NORTH 00°44'45" WEST A DISTANCE OF 428.29 FEET; THENCE NORTH 20°07'00" EAST A DISTANCE OF 421.17 FEET, MORE OR LESS, TO THE SOUTHERLY RIGHT-OF-WAY LINE OF THE UNION PACIFIC RAILROAD; THENCE SOUTH 53°48'48" EAST ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE A DISTANCE OF 597.88 FEET, MORE OR LESS, TO THE INTERSECTION OF SAID SOUTHERLY RIGHT-OF-WAY LINE AND THE EAST LINE OF SAID SECTION 27; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID SECTION 27 A DISTANCE OF 969.05 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

THE WESTERLY ONE-HALF OF SECTION 27 LYING SOUTHERLY OF THE SOUTHERLY RIGHT-OF-WAY OF THE UNION PACIFIC RAILROAD.

PAGE 2 of 3 / 387 LEGAL DESCRIPTION

ALL OF SECTION 28 EXCEPT THE FOLLOWING: COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 28; THENCE NORTH $89^{\circ}48'14''$ EAST ALONG THE NORTH LINE OF SAID SECTION 28 A DISTANCE OF 280.12 FEET TO THE TRUE POINT OF BEGINNING, SAID TRUE POINT OF BEGINNING BEING DESCRIBED AS BEING THE INTERSECTION OF THE EAST LINE OF MARICOPA MEADOWS PARCEL 16 AND THE EAST-WEST CENTERLINE OF MC DAVID ROAD; THENCE SOUTH $00^{\circ}09'29''$ EAST A DISTANCE OF 1314.36 FEET ALONG THE EAST LINE OF MARICOPA MEADOWS PARCELS 16 AND 17 TO THE SOUTHEAST CORNER OF SAID PARCEL 17; THENCE NORTH $89^{\circ}48'25''$ EAST ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 28 A DISTANCE OF 192.37 FEET; THENCE SOUTH $02^{\circ}00'07''$ WEST A DISTANCE OF 1288.07 FEET; THENCE NORTH $89^{\circ}38'01''$ EAST A DISTANCE OF 397.78 FEET; THENCE NORTH $00^{\circ}21'59''$ WEST A DISTANCE OF 360.00 FEET; THENCE NORTH $89^{\circ}38'01''$ EAST A DISTANCE OF 599.33 FEET; THENCE SOUTH $00^{\circ}09'24''$ EAST A DISTANCE OF 385.62 FEET; THENCE NORTH $89^{\circ}09'14''$ EAST A DISTANCE OF 514.33 FEET; THENCE SOUTH $00^{\circ}45'29''$ EAST A DISTANCE OF 75.69 FEET; THENCE NORTH $89^{\circ}48'29''$ EAST A DISTANCE OF 445.60 FEET; THENCE NORTH $79^{\circ}48'31''$ EAST A DISTANCE OF 50.00 FEET TO A POINT ON A CURVE CONCAVE SOUTHWESTERLY, THE CENTER OF WHICH BEARS NORTH $79^{\circ}48'31''$ EAST, HAVING A RADIUS OF 1432.39 FEET, THROUGH A CENTRAL ANGLE OF $10^{\circ}27'01''$, AN ARC LENGTH OF 261.26 FEET; THENCE NORTH $00^{\circ}15'32''$ EAST A DISTANCE OF 1230.37 FEET TO A POINT OF CURVATURE TO THE RIGHT, THE CENTER OF WHICH BEARS SOUTH $89^{\circ}48'29''$ EAST, HAVING A RADIUS OF 716.20 FEET, THROUGH A CENTRAL ANGLE OF $35^{\circ}23'02''$, AN ARC LENGTH OF 442.30 FEET; THENCE NORTH $35^{\circ}38'35''$ EAST A DISTANCE OF 97.27 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF THE UNION PACIFIC RAILROAD; THENCE NORTH $53^{\circ}49'25''$ WEST A DISTANCE OF 1160 FEET, MORE OR LESS, ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE TO THE INTERSECTION OF SAID SOUTHERLY RIGHT-OF-WAY LINE AND THE NORTH LINE OF SAID SECTION 28; THENCE SOUTH $89^{\circ}48'14''$ WEST A DISTANCE OF 1300 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 33, TOGETHER WITH THE NORTHEAST QUARTER OF SAID SECTION 33 EXCEPT ANY PORTION THEREOF WHICH MAY LIE WITHIN THE AK-CHIN INDIAN COMMUNITY;

THE SOUTHWEST QUARTER OF SECTION 34.

TOWNSHIP 5 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

ALL OF SECTION 2.

ALL OF SECTION 3; EXCEPT THE NORTH 210.00 FEET OF THE EAST 210.00 FEET OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER THEREOF; AND EXCEPT THE NORTH 220.00 FEET OF THE EAST 636.00 FEET OF THE WEST 264.00 FEET OF SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER.

ALL OF SECTION 11.

THE WEST ONE-HALF OF SECTION 12; EXCEPT THE EAST 229.58 FEET OF THE SOUTH 951.32 FEET.

PAGE 3 of 3 / 387 LEGAL DESCRIPTION

TOWNSHIP 4 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

THE SOUTH HALF OF SECTION 21.

ALL OF SECTION 28.

TOWNSHIP 5 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

THE NORTHEAST QUARTER OF SECTION 3.

END